RENTAL MARKET REPORT

ALBERTA HIGHLIGHTS*

OCTOBER 2005 SURVEY

Apartment Vacancy Rates Decline in Most Alberta Centres

According to the results of Canada Mortgage and Housing Corporation's (CMHC) annual Rental Market Survey, the vacancy rate in privately initiated rental apartment for Alberta's 13 urban centres declined from 4.6 per cent in October 2004 to 3.1 per cent in October 2005, the strongest decline among all Canadian provinces.

Calgary and Edmonton, Alberta's two Census Metropolitan Areas (CMAs), saw their vacancy rates decline in 2005. After posting a negligible 0.1 percentage point decline to 4.3 per cent in 2004, the apartment vacancy rate in Calgary was cut significantly in October 2005 to 1.6 per cent. This represents the lowest level of vacancies for the Calgary CMA since 2001. Among the factors leading to lower vacancies in 2005, a strong recovery in net migration, a decline in the rental market universe, and a lack of rent increases stand out as the most dominant.

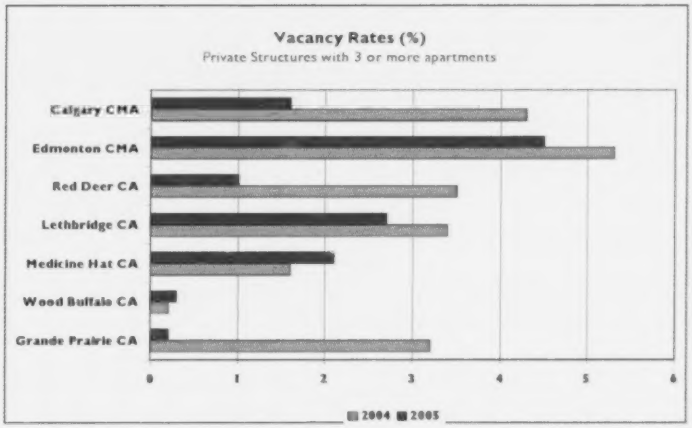
Following a marginal decline of 0.7 per cent to $716 per month in 2004, tenants in the Calgary CMA saw their average rents increase by less than one per cent in 2005, reaching $723 for all units. Coming off the two highest vacancy rates in the last 10 years, property owners were reluctant to boost rents in an attempt to cut vacancies. The strategy appears to have worked, as the vacancy rate in 2005 recorded the largest year-over-year decline in 20 years.

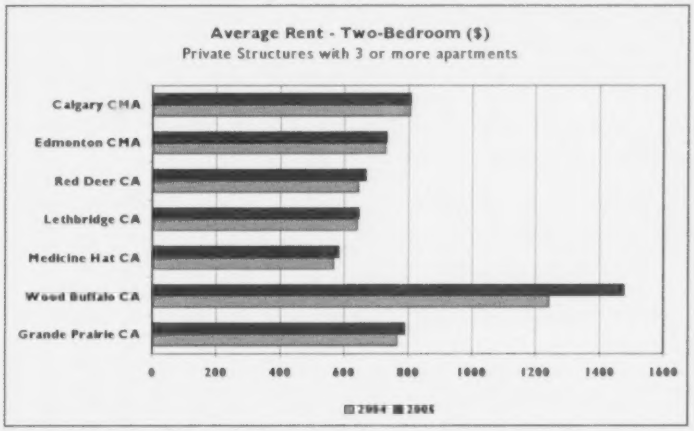
Following three consecutive years of steady increases, apartment vacancies in the Edmonton CMA have turned the corner in 2005. The apartment vacancy rate in the Edmonton region fell from 5.3 per cent in October 2004 to 4.5 per cent this October. A slowdown in rental apartment starts, the rising cost of home ownership and weaker rent increases in the past two years helped bring about the turnaround in vacancies. Increased in-migration of persons aged 19 to 24 years also helped bolster the demand for rental units.

With vacancies remaining relatively high across Edmonton, landlords have again been hesitant to push through much in the way of rent increases. Apartment rents increased by only 1.4 per cent on average compared to October 2004, reaching $662 per month.

Among Alberta's Census Agglomerations (CAs), the lowest vacancy rate across the province was in Okotoks, declining from 2.1 per cent in 2004 to zero per cent this year. Grande Prairie also experienced a low vacancy rate, dropping from 3.2 per cent last year to 0.2 per cent in October 2005. Other centres recording declines were Cold Lake, Wetaskiwin, Red Deer, Brooks, Canmore, and Lethbridge.

As it was the case last year, the largest decrease in vacancies occurred in the Cold Lake census agglomeration (CA), where the vacancy rate fell from 10.6 per cent to 5.8 per cent. Despite that decrease, Cold Lake continues to have the highest vacancy rate among Alberta's urban centres. In the City of Cold Lake, the rental market is reporting a vacancy rate of 2.2 per cent for the second consecutive year. However, the situation is different in the rest of the CA, where the vacancy rate declined from 20.3 per cent in 2004 to 10.0 in 2005. This also explains why rents increased 15 per cent within the city limit, compared to five per cent in the rest of the CA.





Elsewhere, Camrose, Medicine Hat, and Wood Buffalo (Fort McMurray) reported higher apartment vacancies in October 2005. At 2.2 and 2.1 per cent respectively, vacancy rates in Camrose and Medicine Hat remain below the provincial average. Meanwhile, despite the fact that the vacancy rate doubled in Wood Buffalo, the region boasted a vacancy rate of only 0.3 per cent.

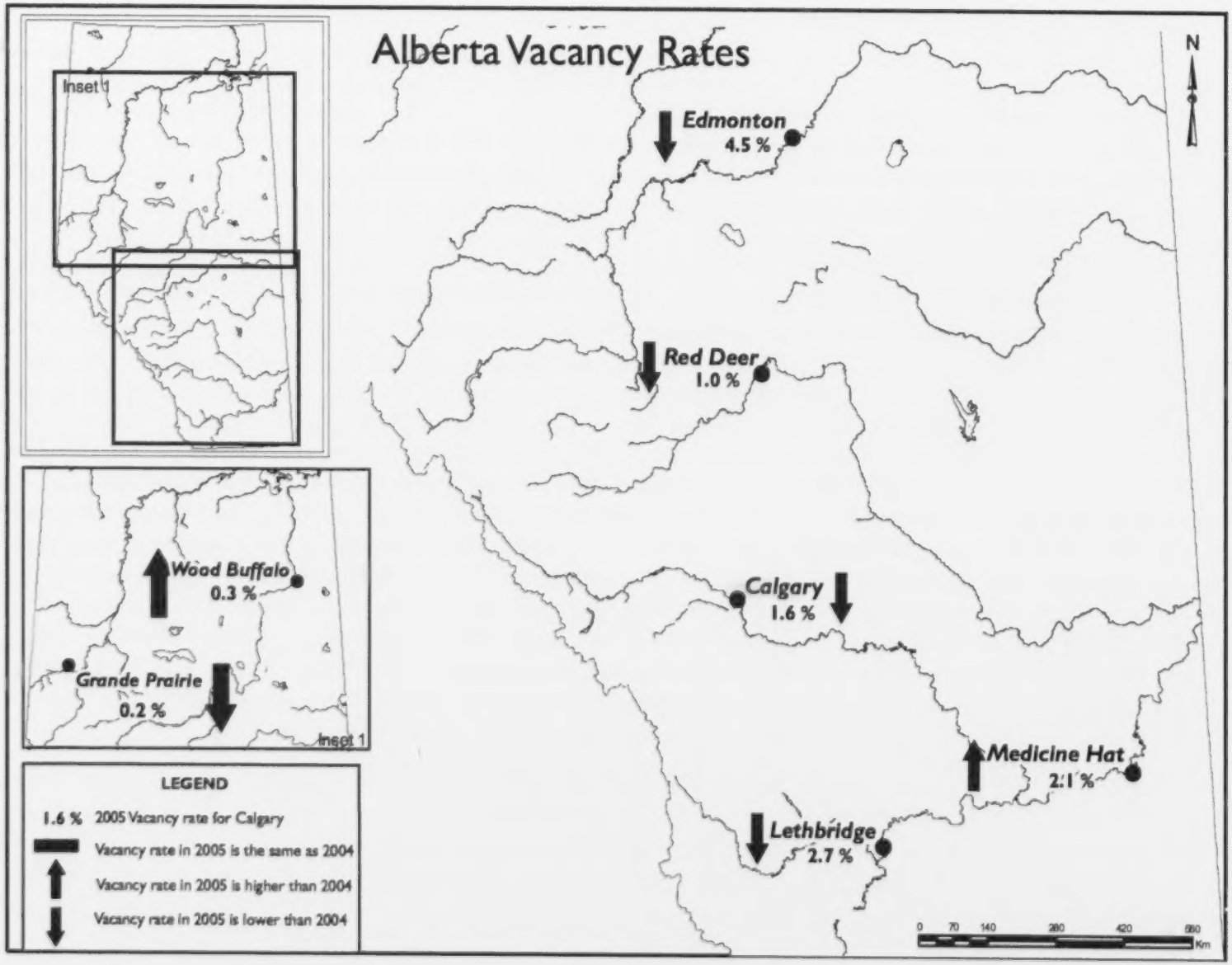
The tight vacancies in Wood Buffalo led to another increase in average rent. The average apartment rent rose 21 per cent in 2005 to $1,394, making Wood Buffalo the most expensive urban centre in which to rent across Canada. The previous record-holder for the highest average apartment rent was Yellowknife, which is now at $1,208 per month.

***Only centres with a population of 10,000 + are included in the survey.**

Detailed reports are available for CMAs.

Canada

CMHC SCHL
HOME TO CANADIANS


Alberta Vacancy Rates
N
Inset 1
Edmonton
4.5 %
Red Deer
1.0 %
Calgary
1.6 %
Medicine Hat
2.1 %
Lethbridge
2.7 %
Wood Buffalo
0.3 %
Grande Prairie
0.2 %
Inset 1
LEGEND
1.6 % 2005 Vacancy rate for Calgary
Vacancy rate in 2005 is the same as 2004
Vacancy rate in 2005 is higher than 2004
Vacancy rate in 2005 is lower than 2004
0 70 140 280 420 560
Km

Private Apartment Vacancy Rates (%)
by Bedroom Type
Province of Alberta

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Calgary CMA	5.7	2.0	3.4	1.4	5.2	1.6	4.5	3.5	4.3	1.6
Edmonton CMA	4.3	4.1	5.2	4.1	5.8	5.0	4.2	4.1	5.3	4.5
Brooks CA	**	**	7.4	2.7	5.8	3.0	0.0	3.0	5.8	2.9
Camrose CA	0.0	0.0	2.2	0.9	1.2	3.0	0.0	0.0	1.5	2.2
Canmore Town	**	**	0.0	0.0	4.5	4.5	**	0.0	3.8	2.4
Cold Lake CA	27.8	5.6	9.3	1.6	11.0	8.3	5.4	5.4	10.6	5.8
Grande Prairie CA	4.0	1.6	4.5	0.2	2.0	0.1	7.6	0.0	3.2	0.2
Lethbridge CA	1.0	0.0	3.5	2.0	3.5	3.3	**	**	3.4	2.7
Medicine Hat CA	**	**	1.8	1.3	1.1	2.3	**	**	1.6	2.1
Okotoks Town	n/u	n/u	**	**	**	**	0.0	0.0	2.1	0.0
Red Deer CA	1.7	0.4	3.2	1.3	3.8	0.9	6.0	0.6	3.5	1.0
Wetaskiwin CA	**	**	2.3	2.7	3.5	2.3	**	0.0	3.0	2.4
Wood Buffalo CA	0.0	0.0	0.2	0.4	0.2	0.2	1.0	0.5	0.2	0.3
Alberta 10,000+	**4.5**	**3.2**	**4.3**	**2.8**	**5.0**	**3.3**	**4.3**	**3.6**	**4.6**	**3.1**

Private Apartment Average Rents ($)
by Bedroom Type
Province of Alberta

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Calgary CMA	515	524	655	666	806	808	766	775	716	723
Edmonton CMA	504	513	597	608	730	732	804	814	653	662
Brooks CA	**	**	599	622	681	707	703	759	662	689
Camrose CA	376	387	459	470	560	576	583	590	526	541
Canmore Town	**	**	649	678	750	760	**	986	721	743
Cold Lake CA	415	468	536	618	620	674	669	698	589	651
Grande Prairie CA	532	554	646	680	766	790	832	863	718	747
Lethbridge CA	429	439	545	543	641	647	**	**	603	601
Medicine Hat CA	**	**	461	483	568	583	663	663	533	549
Okotoks Town	n/u	n/u	**	**	**	**	764	**	698	**
Red Deer CA	468	475	547	557	644	666	713	764	601	620
Wetaskiwin CA	**	**	442	449	531	537	474	**	501	510
Wood Buffalo CA	808	914	989	1,218	1,242	1,478	1,240	1,575	1,156	1,394
Alberta 10,000+	**505**	**514**	**618**	**634**	**755**	**767**	**798**	**822**	**679**	**694**

** : Data suppressed to protect confidentiality or because data is not statistically reliable

n/u : No units exist in the universe for this category n/s : No units exist in the sample for this category n/a : Not applicable

Number of Private Apartment Units Vacant and Universe in October 2005 by Bedroom Type Province of Alberta

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Calgary CMA	38	1,872	294	20,708	267	17,036	62	1,799	661	41,416
Edmonton CMA	193	4,756	1,268	31,115	1,354	27,078	128	3,109	2,943	66,057
Brooks CA	**	**	4	148	14	468	1	34	19	653
Camrose CA	0	7	3	324	19	642	0	22	22	995
Canmore Town	**	**	0	29	2	44	0	7	2	82
Cold Lake CA	1	18	3	193	28	337	2	37	34	585
Grande Prairie CA	2	126	2	888	1	1,573	0	136	5	2,723
Lethbridge CA	0	182	20	1,027	57	1,762	**	**	83	3,049
Medicine Hat CA	**	**	11	852	35	1,497	**	**	52	2,479
Okotoks Town	n/u	n/u	**	**	**	**	0	16	0	94
Red Deer CA	1	224	24	1,826	24	2,628	1	170	50	4,848
Wetaskiwin CA	**	**	6	226	12	516	0	13	18	760
Wood Buffalo CA	0	42	4	980	3	1,828	1	206	8	3,056
Alberta 10,000+	**236**	**7,278**	**1,640**	**58,329**	**1,817**	**55,475**	**205**	**5,715**	**3,897**	**126,797**

Private Apartment Availability Rates (%) by Bedroom Type Province of Alberta

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Calgary CMA	8.5	4.3	5.2	3.2	7.1	3.4	6.5	5.7	6.2	3.4
Edmonton CMA	5.5	5.0	6.8	5.2	7.5	6.4	5.8	5.1	6.9	5.7
Brooks CA	n/a	**	n/a	5.4	n/a	6.2	n/a	3.0	n/a	5.9
Camrose CA	n/a	0.0	n/a	0.9	n/a	3.4	n/a	0.0	n/a	2.5
Canmore Town	n/a	**	n/a	0.0	n/a	4.5	n/a	0.0	n/a	2.4
Cold Lake CA	n/a	16.7	n/a	4.1	n/a	10.4	n/a	5.4	n/a	8.2
Grande Prairie CA	n/a	3.2	n/a	0.6	n/a	0.4	n/a	0.0	n/a	0.6
Lethbridge CA	n/a	0.8	n/a	2.2	n/a	4.2	n/a	**	n/a	3.4
Medicine Hat CA	n/a	**	n/a	2.3	n/a	4.4	n/a	**	n/a	3.9
Okotoks Town	n/a	n/u	n/a	**	n/a	**	n/a	0.0	n/a	0.0
Red Deer CA	n/a	1.8	n/a	2.7	n/a	2.2	n/a	1.8	n/a	2.3
Wetaskiwin CA	n/a	**	n/a	3.5	n/a	4.8	n/a	0.0	n/a	4.3
Wood Buffalo CA	n/a	0.0	n/a	0.9	n/a	0.5	n/a	0.5	n/a	0.7
Alberta 10,000+	**6.4**	**4.6**	**6.2**	**4.1**	**7.3**	**4.8**	**6.1**	**4.9**	**6.6**	**4.5**

** : Data suppressed to protect confidentiality or because data is not statistically reliable

n/u : No units exist in the universe for this category n/s : No units exist in the sample for this category n/a : Not applicable

METHODOLOGY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only structures with at least three rental units, which have been on the market for at least three months. The data collected for a structure depends on its initiation type (public or private), and whether it is an apartment or a row structure. The survey collects vacant unit data for all sampled structures. The market rent data are collected for only privately initiated structures. The available unit data are obtained only for privately initiated apartment or row structures. Most data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of October, and the results reflect market conditions at that time.

Definitions

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent. The changes in average rent do not necessarily correspond to rent changes within a given structure. The increase or decrease of the average rents between two years may or may not be statistically significant due to other factors such as the variability of the rents.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2001 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

Information and Subscriptions

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Cette publication est aussi disponible en français sous le titre: Rapport sur le marché locate – Faits saillants.

Note: Tables for rental row (townhouses) are not released in this current publication. However, tables are available on request where applicable.

To get a national overview and statistics for all CMAs across Canada, please refer to CMHC's website at the following address:
www.cmhc.ca/en/news/nere/index.cfm

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